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Volume 10

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
August 1965

Number 1

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY AUGUST 1965

The Order MINIMUM producer uniform price is \$4.39 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.4 cents for each one-tenth of one percent above or below 3.5 percent. It is understood the Chattanooga Area Milk Producers Association will pay a premium of 19 cents or a producer uniform price of \$4.58 per cwt. for milk testing 3.5 percent butterfat.

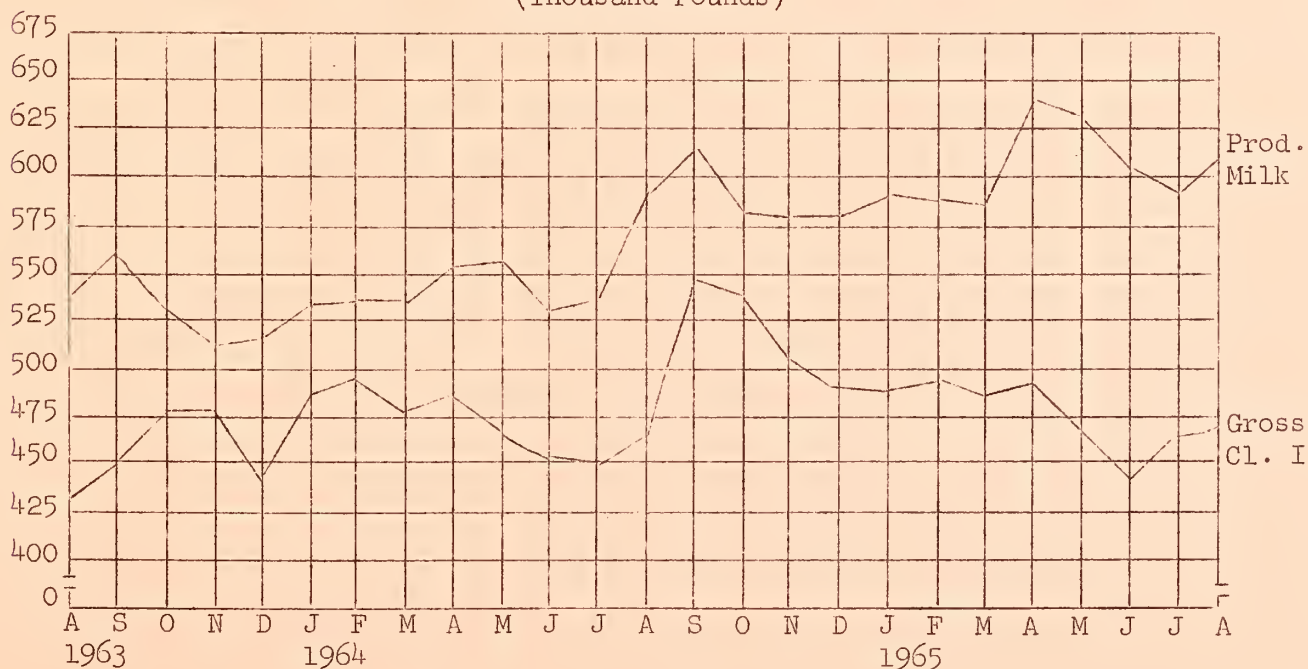
During August, 75.6% of the total producer milk was priced in Class I at \$4.96 per cwt. with a butterfat differential of 7.7 cents and 24.4% in Class II at \$2.65 per cwt. with a butterfat differential of 7.0 cents. The daily average use of Gross Class I milk increased 0.4% compared with July 1965 and increased 1.8% compared with August 1964.

Daily average delivery of milk from producers was 611,908 pounds in August 1965, an increase of 16,047 pounds per day compared with July 1965 and an increase of 20,669 pounds compared with August 1964. Percentage-wise, August deliveries increased 2.7% compared with July 1965 and increased 3.5% compared with August 1964.

NUMBER OF FARM PAYROLL ACCOUNTS

	1964					1965								
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
New	30	4	6	3	4	1	0	1	2	3	0	2	3	
Quit	0	6	7	5	3	3	3	4	8	2	3	4	5	
Total	685	683	682	680	681	679	676	673	667	668	665	663	661	

DAILY AVERAGE PRODUCER RECEIPTS COMPARED TO GROSS CLASS I UTILIZATION
(Thousand Pounds)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Aug. '65 Over Aug. '64	Aug. 1965	July 1965	Aug. 1964
Number of Plants (Pool and Non-Pool)		11	11	13
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 3.5	611,908	595,861	591,239
Other Source	- 9.3	20,608	25,735	22,709
Other Federal Orders	+ 9.8	24,109	24,361	21,967
Total Milk Receipts	+ 3.3	656,625	645,957	635,915
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 1.0	374,893	383,515	371,136
Fluid Skim	- 1.0	21,229	21,344	21,438
Buttermilk	- 7.2	40,286	42,810	43,425
Flavored Milk and Drink	+ 4.3	14,857	14,356	14,238
Fluid Cream (Sweet and Sour)	- 1.9	2,597	2,773	2,648
Other (Shrinkage, Inventory, etc.)		4,807	5,340	582
Transfers to Non-Pool Plants		15,023	1,743	11,764
Total Class I Milk	+ 1.8	473,692	471,881	465,231
Class II Uses:				
Ice Cream Mixes		51,500	59,106	50,865
Cottage Cheese		19,670	20,469	20,588
Powdered and Condensed Milk		31,906	46,981	63,066
Livestock Feed and Skim Dumped		6,274	6,073	5,382
Shrinkage Class II		11,192	11,483	10,494
Other (Butter, Inventory, etc.)		12,601	(18,487)	10,294
Transfers to Non-Pool Plants		49,790	48,451	9,995
Total Class II Milk	+ 7.2	182,933	174,076	170,684
Class I Pounds in Marketing Area	+ 3.1	281,308	286,245	272,914
Class I Pounds Outside Marketing Area	+ 0.03	192,384	185,636	192,317
Gross Class I Butterfat Pounds	+ 2.6	16,944	16,725	16,513
Gross Class II Butterfat Pounds	+ 0.2	7,763	7,679	7,750
Total Butterfat Pounds	+ 1.8	24,707	24,404	24,263
% Producer Milk of Gross Class I		129.2	126.3	127.1
% Producer Milk priced in Class I		75.6	77.1	77.8

SEPTEMBER 1965 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Sept. '65	Aug. '65	Sept. '64
Basic Formula	\$3.25	\$3.21	\$3.15
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.18)	0.00	(0.10)
Class I Price, 3.5% Butterfat	\$4.82	\$4.96	\$4.80
Per \$1090.51(a)			
Supply-Demand Comparison: 1st and 2nd preceding months: July and August			
Supply: Lbs. Producer Milk (July 18,471,696 and Aug. 18,969,148)			37,440,844
Demand: Lbs. Net Class I Milk (July 14,557,473 and Aug. 14,610,749)			29,168,222
Utilization Percentage: Producer milk divided by Class I			128
Standard Utilization Percentage: Range 115-119			119
Net Deviation Percentage: Utilization minus Standard Utilization			Plus 9
Supply-Demand Adjustment: 2 cents x 9 percentage points			Minus \$0.18

Since the supply in relation to the demand is more than the desired standard, the price is decreased 18 cents per hundredweight (2 cents x 9 percentage points).

COMPUTATION OF PRODUCER UNIFORM PRICE

AUGUST 1965	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		14,684,458	3.577		
Less Other Source		351,635	3.310		
Producer Milk Class I	75.6	14,332,823	3.583481	\$5.024280	\$720,121.16
Gross Class II		5,670,907	4.244		
Less Other Source		1,034,582	1.892		
Producer Milk Class II	24.4	4,636,325	4.768216	3.537751	164,021.63
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	18,969,148	3.873047		\$884,142.79
Add Fractional Adjustment					.03
Add Value of Inventory Reclassified					36.25
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		54,245			2,049.47
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,533.83
TOTAL VALUE AT TEST		19,023,393	3.867607	4.703485	\$894,762.37
Less Test over 3.5% @ 7.4¢ per point		19,023,393	.367607	\$0.272029	51,749.15
TOTAL UTILIZATION VALUE AT 3.5%		19,023,393	3.5	\$4.431456	\$843,013.22
Less Producer-Settlement Fund Reserve		19,023,393		.041456	7,886.34
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		19,023,393	3.5	\$4.39	\$835,126.88

AUGUST 1965 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.02	3.6	\$4.464	4.2	\$4.908	4.8	\$5.352	5.4	\$5.796
3.05	4.057	3.65	4.501	4.25	4.945	4.85	5.389	5.45	5.833
3.1	4.094	3.7	4.538	4.3	4.982	4.9	5.426	5.5	5.87
3.15	4.131	3.75	4.575	4.35	5.019	4.95	5.463	5.55	5.907
3.2	4.168	3.8	4.612	4.4	5.056	5.0	5.50	5.6	5.944
3.25	4.205	3.85	4.649	4.45	5.093	5.05	5.537	5.65	5.981
3.3	4.242	3.9	4.686	4.5	5.13	5.1	5.574	5.7	6.018
3.35	4.279	3.95	4.723	4.55	5.167	5.15	5.611	5.75	6.055
3.4	4.316	4.0	4.76	4.6	5.204	5.2	5.648	5.8	6.092
3.45	4.353	4.05	4.797	4.65	5.241	5.25	5.685	5.85	6.129
3.5	4.39	4.1	4.834	4.7	5.278	5.3	5.722	5.9	6.166
3.55	4.427	4.15	4.871	4.75	5.315	5.35	5.759	5.95	6.203

MILK SAMPLES TESTED - Producer Fresh Samples 5,662 - Handler Finished Products 213.

MILK BASE RULES

The following rules apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area:

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/} Per Hundredweight				HANDLER CLASS PRICES ^{1/}			
	Uniform	Base	Excess	Bf.Dif.	Class I		Class II	
					Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Aug. '64	\$4.51	-	-	7.2¢	\$5.05	7.5¢	\$2.66	6.8¢
Sept.	4.60	-	-	7.6	4.80	7.7	3.26	7.1
Oct.	4.71	-	-	7.8	4.87	8.0	3.23	7.0
Nov.	4.83	-	-	7.8	5.10	7.9	3.30	7.2
Dec.	4.75	-	-	7.8	5.10	8.1	3.18	6.8
Jan. '65	4.66	-	-	7.4	5.06	7.7	3.12	6.7
Feb.	4.59	-	-	7.2	5.00	7.5	2.80	6.7
Mar.	4.54 ^{2/}	\$4.67	\$2.73	7.2	4.97	7.5	2.77	6.7
Apr.	4.41 ^{2/}	4.63	2.69	7.2	4.97	7.5	2.73	6.8
May	4.35 ^{2/}	4.57	2.64	7.4	4.98	7.7	2.68	6.8
June	4.34 ^{2/}	4.54	2.62	7.4	5.01	7.7	2.66	6.8
July	4.40 ^{2/}	4.62	2.62	7.4	4.95	7.7	2.66	6.8
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	-	-	-	-	4.82	7.9	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg.Grade Milk \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn.	Chi.92 ^o	Chi.Area	
			Milk Mfg. \$-cwt-4%	Butter ¢ Lb.	Powder ¢ Lb.	
Aug. '64	2.66	3.19	3.000	59.51	14.30	3.15
Sept.	2.72	3.26	3.075	61.32	14.30	3.24
Oct.	2.77	3.23	3.119	60.47	14.29	3.27
Nov.	2.79	3.30	3.150	62.27	14.23	3.29
Dec.	2.81	3.18	3.150	59.24	14.20	3.29
Jan. '65	2.81	3.12	3.144	58.00	14.23	3.25
Feb.	2.80	3.12	3.138	57.99	14.27	3.22
Mar.	2.77	3.12	3.106	57.99	14.25	3.22
Apr.	2.73	3.17	3.069	58.97	14.22	3.23
May	2.68	3.17	3.025	58.97	14.28	3.22
June	2.66	3.17	3.000	58.97	14.21	3.20
July	2.66	3.17	3.000	59.00	14.24	3.21
Aug.	2.65	3.25	3.000	61.03	14.31	3.25

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Aug. '64	13	635,915	465,231	460,229	591,239	-	685	863	-	-	3.94
Sept.	13	655,234	549,204	544,006	618,771	-	683	906	-	-	3.99
Oct.	13	611,925	542,454	537,447	579,111	-	682	849	-	-	4.24
Nov.	13	615,385	504,706	498,734	577,281	-	680	849	-	-	4.24
Dec.	12	609,740	495,937	489,893	577,526	-	681	848	-	-	4.29
Jan. '65	12	635,165	494,256	488,626	596,761	-	679	879	-	-	4.21
Feb.	12	633,273	499,105	486,765	591,241	-	676	875	-	-	4.22
Mar.	12	626,437	494,283	483,039	590,445	552,135	673	877	820	57	4.17
Apr.	12	697,689	497,938	487,481	641,997	569,848	667	963	854	109	4.02
May	12	691,934	474,782	465,221	633,014	559,253	668	948	837	111	3.91
June	12	666,104	448,862	436,505	604,897	540,916	665	910	813	97	3.91
July	11	645,957	471,881	459,483	595,861	531,137	663	899	801	98	3.89
Aug.	11	656,625	473,692	462,349	611,908	-	661	926	-	-	3.87

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I